



**Arizona Department of Environmental Quality**  
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# Facts About the Revised Air Quality Fee Rule

The Arizona Department of Environmental Quality (ADEQ or Department) has revised its Air Quality Fee rules found in Arizona Administrative Code (A.A.C.), Title 18, Chapter 2, Rule 326 (R18-2-326), and Title 18, Chapter 2, Rule 511 (R18-2-511).

## HISTORICAL SUMMARY

ADEQ’s previous fee rule was promulgated on November 15, 1993, pursuant to Arizona Revised Statute (A.R.S.) §49-426(E). In 2000, ADEQ began an eighteen month long open stakeholder process to revise the existing fee rule. The purpose of this process was to review ADEQ’s workload analysis in an effort to ensure that enough fees were being collected to support its Air Quality Permit Program. Under the previous fee rule, about 75% of the revenue that supported the air program came from emission-based fees that were charged to Class I, Title V sources. Because of the inequity in the way that facilities were paying fees, ADEQ worked with its stakeholders to develop a mutually acceptable and equitable fee structure that both simplified the fee rule, and provided ADEQ with enough revenue to support its Air Quality Permit Program. On January 1, 2002, revised R18-2-326 became effective, based on the outcome of the stakeholder process.

## SOURCE CATEGORIES

For the purposes of obtaining an Air Quality Permit, ADEQ has classified its sources under three Source Categories:

### Class I Title V Sources

Class I, Title V Sources are those sources that are required or that elect to obtain a permit pursuant to A.A.C. R18-2-302(B)(1). These permits are considered to be major source permits, and are issued to companies including but not limited to Phelps Dodge Corporation, Phoenix Cement Company, Chemical Lime Company, Tucson Electric Power Company, El Paso Natural Gas, and Printpack.

### Class II, Title V Sources

Class II, Title V Sources are those sources that are required to obtain a permit pursuant to A.A.C. R18-2-302(B)(2), and for which either R18-2-302(B)(2)(a)(i) or (ii) apply. These permits are considered to be minor source, or synthetic minor source permits. Synthetic minor sources are those sources that have voluntarily accepted a limitation that allows the source to avoid being classified as a Class I, Title V Source.

### Class II, Non-Title V Sources

Class II, Non-Title V Sources are those sources which are required to obtain a permit pursuant to A.A.C. R18-2-302(B)(2), and for which neither R18-2-302(B)(2)(a)(i) nor (ii) apply. These are typically true minor sources that do not trigger any federal requirements, and are required to obtain a permit only under state law.

### General Permits

General Permits are issued to for a facility class that contains 10 or more facilities that are similar in nature, have substantially

similar emissions, and would be subject to the same or substantially similar requirements governing operations, emissions, monitoring, reporting or record keeping.

## CHANGES TO THE FEE RULE

### Permit Fees

In the past, existing sources (those sources with previous permits) were not responsible for any fees associated with renewal permits. Instead, the previous fee rule covered these costs through the assessment of emission fees that were paid by those sources that were required to obtain a permit pursuant to Title V of the Clean Air Act. New source permits and revisions to existing source permits that were subject to Title V of the Clean Air Act were billed at a permit processing fee of \$53.00 per hour. New sources that were required to obtain a permit pursuant to state law were required to pay a flat fee of \$3,040 for non-complex sources and \$6520 for complex sources, and all permit revisions were billed at a permit processing fee of \$40.00 per hour.

The new fee rule does not make these complex distinctions and simply requires that each source pay ADEQ \$66.00 per hour spent processing a permit, adjusted by the Consumer Price Index (CPI) each year starting in 2003. For Class I and Class II, Title V Sources, there is no cap on how much a permit could cost the company as these sources tend to be fairly complex. Class II, Non-Title V Sources, however, can not be charged more than \$25,000 for a permit.

### Additional Class I, Title V Fees

In addition to the permit processing fees that all sources will now be subject to, Class I, Title V Sources will also be required to pay an annual administrative fee, and an annual emissions based fee in accordance with the following:

Class I Title V Source Category	Administrative Fee
Aerospace	\$12,900
Cement Plants	\$39,500
Combustion/Boilers	\$9,600
Electronics	\$12,700
Expandable Foam	\$7,900
Foundries	\$12,100
Landfills	\$9,900
Lime Plants	\$37,000
Copper and Nickel Mines	\$9,300
Gold Mines	\$9,300
Mobile Home Manufacturing	\$9,200
Paper Mills	\$12,700

Class I Title V Source Category	Administrative Fee
Paper Coaters	\$9,600
Petroleum Products Terminal Facilities	\$14,100
Polymeric Fabric Coaters	\$12,700
Mobile Home Manufacturing	\$9,200
Paper Mills	\$12,700
Paper Coaters	\$9,600
Petroleum Products Terminal Facilities	\$14,100
Polymeric Fabric Coaters	\$12,700
Reinforced Plastics	\$9,600
Semiconductor Fabrication	\$16,700
Copper Smelters	\$39,500
Utilities - Natural Gas	\$10,200
Utilities - Fossil Fuel Except Natural Gas	\$20,200
Vitamin/Pharmaceutical Manufacturing	\$9,800
Wood Furniture	\$9,600
Others	\$9,900
Others with Continuous Emissions Monitors	\$12,700

In addition to the annual administrative fee, sources in this category will also be required to pay an annual emission-based fee of \$11.75 per ton of actual emissions (adjusted by the CPI each year starting in 2003) of all regulated pollutants that were emitted during the previous calendar year. The term “regulated pollutants” is then further defined by the rule. Sources are also exempted from paying fees for emissions of any single regulated pollutant from the source that is in excess of 4,000 tons per year.

*Additional Class II, Title V Fees*

In addition to the permit processing fees that all sources with individual permits are now subject to, sources in this category are also required to pay an annual administrative processing fee in accordance with the following:

Class II Title V Source Category	Administrative Fee
Synthetic minor sources, except portable sources	Administrative fee from the Class I Title V table for the category
Stationary Sources	\$5,000
Portable Sources	\$5,000
Small Sources	\$500

*Additional Class II, Non-Title V Fees*

In addition to the permit processing fees that all sources with individual permits are now subject to, sources in this category are also required to pay an annual inspection fee in accordance with the following:

Class II Non-Title V Source Category	Inspection Fee
Stationary	\$3,250
Portables	\$3,250
Gasoline Service Stations	\$500

*Additional General Permit Fees*

Although the General Permit application fee was reduced from \$540 to \$500 during the rule revision, sources covered under a general permit will now also be required to pay an additional administrative or inspection fee in accordance with the following:

General Permit Source Category	Administrative Fee
Class I Title V General Permits	Administrative fee for category from R18-2-326(C)
Class II Title V Small Source	\$500
Other Class II Title V General Permits	\$3,000
General Permit Source Category	Inspection Fee
Class II Non-Title V Gasoline Service Stations	\$500
Class II Non-Title V Crematories	\$1,000
Other Class II Non-Title V General Permits	\$2,000

**INVOICING**

ADEQ’s new fee rule became effective on January 1, 2002. Facilities that had not yet begun operating by this date will be responsible only for applicable permit processing fees and will not be subject to administrative, inspection or emission fees during this invoicing period. All other sources will be charged fees in accordance with the information above. Invoices for all applicable fees will be mailed out to facilities that are classified under the three Source Categories on or before January 31, 2002. All payments will then be due to ADEQ on or before March 31, 2002.

**INACTIVE SOURCES**

For those sources that had undergone initial startup but had been shut down fo the entire preceding calendar year, the source would only be required to pay 50% of the administrative or inspection fees that are applicable to the source for that year. In order for a source to qualify for such an exemption, the owner or operator of the source must claim inactive status by submitting a letter to the Director of the Air Quality Division by December 15 of the year prior to the billing year. Termination of the permit, however, does not allow the source to be relieved of any past fee dues.

**QUESTIONS**

*Should you require any further information, or should have questions concerning your invoice, please contact Mr. Eric Massey, Air Permits Section Manager or Mr. Balaji Vaidyanathan, Manager of the Existing Source and General Permit Unit of the Air Permits Section at the Air Quality Division of the Arizona Department of Environmental Quality. Eric can be reached at 602-771-2288 or 800-234-5677 ext. 771-2288, and Balaji can be reached at 602-771-4527 or 800-234-5677 ext. 771-4527.*